

APPROVED BY THE
COMMITTEE

MAY 13 2013


SECRETARY OF THE BOARD

MEETING OF THE UNIVERSITY HEALTHCARE SYSTEM COMMITTEE
OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

MARCH 6, 2013

This meeting of the University Healthcare System Committee was held in Illini Rooms B and C, Illini Union, 1401 West Green Street, Urbana, Illinois, on Wednesday, March 6, 2013, beginning at 1:00 p.m. Trustee Timothy N. Koritz, chair of the committee, welcomed everyone to the meeting and asked the clerk to call the roll. The following committee members were present: Mr. Ricardo Estrada and Dr. Timothy N. Koritz. Mr. Patrick J. Fitzgerald was absent. Mr. Kenneth Thomas, student trustee from the Chicago campus, also attended the meeting. President Easter was present. The following University officers were also present: Dr. Phyllis M. Wise, chancellor, Urbana, and vice president, University of Illinois; Dr. Paula Allen-Meares, chancellor, Chicago, and vice president, University of Illinois; Mr. Walter K. Knorr, vice president/chief financial officer and comptroller; Dr. Joe G.N. Garcia, vice president for health affairs; Mr. Thomas R. Bearrows, University counsel; and Dr. Susan M. Kies, secretary of the Board of Trustees and of the University. Also in attendance were Mr. Thomas P. Hardy, executive director for University relations, and Ms. Margaret M. O'Donoghue, interim special assistant to the president. Attached is a listing of other staff members in attendance at this meeting, as well as some members of the media.

Dr. Koritz asked all in attendance to introduce themselves and stated that Mr. Fitzgerald, the committee's newest member, was unable to attend this meeting. He referred to the scheduled upcoming meetings and stated that these will now be held via videoconference at Urbana, Chicago, Springfield, and Rockford, and will follow the Audit, Budget, Finance, and Facilities Committee meetings. He commented briefly on changes in healthcare and financial pressures on the hospital and medical enterprise. He then asked for a motion to approve the minutes of the meeting held on November 7, 2012. On motion of Mr. Estrada, seconded by Dr. Koritz, the minutes were approved. There were no "nay" votes.

REPORTS TO THE COMMITTEE

Hospital Financial Performance and Dashboard Review

Dr. Koritz asked Mr. William L. Devoney, assistant vice president for health affairs and chief financial officer, University of Illinois Hospital, to provide a presentation on the financial performance of the hospital (materials on file with the clerk). Mr. Devoney reported on the hospital's revenues, expenses, and income for the quarter ending December 31, 2012. He discussed a Medicaid per diem reimbursement rate reduction impacting the hospital's financial performance and said the hospital may end Fiscal Year 2013 with a significant loss. He stated that efforts to reduce costs could make it possible to end the year with a zero or positive balance. He reported that the Illinois Department of Healthcare and Family Services filed an amendment in February 2013 to change the

methodology used to calculate reimbursement rates, and stated that approval of the revised methodology would benefit the hospital and alleviate some of the financial strain caused by the current rate reduction. Dr. Garcia commented on the hospital's financial performance and the factors contributing to a potential budget shortfall and stated that he believes the hospital can avoid ending the year with a loss. Dr. Koritz inquired about the decrease in the average daily census, and Dr. Garcia stated that this trend has been seen throughout hospitals in the Chicago area.

Dr. Garcia referred to the health system dashboard (materials on file with the clerk) and reported on a variety of metrics. He discussed the average daily census, the number of unique patients, and some improvement in inpatient satisfaction scores. He then reported on decreases in clinical activity and increases in relative value units (RVUs) and explained how these are calculated. Brief discussion followed regarding upcoming changes in Medicaid and opportunities to increase the number of referrals. Dr. Garcia then reviewed a chart comparing metrics concerning clinical effectiveness, efficiency, financial stability, safety, and core measures, and discussed performance in each area. Dr. Koritz and Ms. Jodi Joyce, associate vice president for quality and patient safety, briefly discussed the level of illness of patients often served by the hospital and the importance of improving documentation to better reflect their level of illness.

Facilities Construction Plans Update

At 1:36 p.m., Dr. Koritz asked Dr. Garcia to provide an update on facilities construction plans. Dr. Garcia provided a brief update on the renovation and commented that projects are on schedule. He emphasized the importance of the bond issuance to assist in funding these projects.

Legislative Report

At 1:39 p.m., Dr. Koritz asked Dr. Nicole Kazee, director of health policy and programs, Office of the Vice President for Health Affairs, to provide a legislative report (materials on file with the clerk). Dr. Kazee commented on the Medicaid per diem reimbursement rate change and stated that revising these methodologies requires State and federal approval, noting that the State is supportive of revising the Medicaid per diem reimbursement rate. She then began her report and discussed the implementation of the Affordable Care Act. Dr. Kazee responded to questions regarding its impact on charity care, and she and Dr. Garcia agreed that while some charity care costs may be alleviated by increased health care coverage due to the Affordable Care Act, the ineligibility of undocumented immigrants and the underinsured will result in some charity care costs. She discussed reductions in federal funding for Medicare spending and reported on the planned shift to Medicaid managed care in Illinois. Dr. Kazee stated that Cook County received a waiver to begin covering the county's current uninsured population that would have become eligible for Medicaid in 2014 under the Affordable Care Act.

Chancellor/Vice President Allen-Meares inquired about the impact of this early implementation and stated that individuals at the Chicago campus have been asked to evaluate the implementation by the Cook County hospital system. Dr. Kazee reported that their enrollment of new patients has been slower than anticipated and that discussions are underway to create a partnership. President Easter asked if the hospital could become a managed care entity, and Dr. Garcia and Dr. Kazee stated that this would require some coordination. Additional discussion followed regarding the role of the hospital in supporting the University's academic medical programs and the impact of medical students training at hospitals outside the University.

University of Illinois Hospital and Health
Sciences Safety and Risk Management Report

At 2:06 p.m., Dr. Koritz asked Ms. Joyce to provide a safety and risk management report for the University of Illinois Hospital and Health Sciences System (materials on file with the clerk). Ms. Joyce stated that the report had been distributed to committee members in advance of the meeting and discussed the Seven Pillars process for the prevention and response to patient harm. She reported on significant events and described efforts to reduce or prevent these in the future. She discussed a patient safety initiative to reduce overall hospital mortality, and she provided updates on research activities, education, and ancillary services.

REVIEW RECOMMENDED BOARD ITEMS

Dr. Koritz introduced the discussion of items within the purview of the committee that were on the Board's agenda for its meeting March 7, 2013. The recommended Board items discussed at the meeting are on file with the clerk.

Appoint/Reappoint Members to the Advisory Board, Division of
Specialized Care for Children (DSCC) in Springfield, Chicago

Dr. Lon Kaufman, vice chancellor for academic affairs and provost, Chicago, discussed the recommendation to appoint or reappoint members to the advisory board, Division of Specialized Care for Children (DSCC) in Springfield, and stated that the Board is responsible for appointing members to the DSCC advisory board.

Designate the M. Christine Schwartz Experiential Learning Laboratory, the
M. Christine Schwartz Lobby, and the M. Christine Schwartz Research
Seminar Rooms, College of Nursing, Chicago

Dr. Kaufman then discussed the proposed naming of the M. Christine Schwartz Experiential Learning Laboratory, the M. Christine Schwartz Lobby, and the M. Christine Schwartz Research Seminar Rooms in the College of Nursing. He stated that this would be done in recognition of the \$2.2 million gift from the M. Christine Schwartz and the T&C Schwartz Family Foundation.

Approve Student Health Insurance Rates for Urbana and
Springfield Campuses, Academic Year 2014

Mr. Knorr reviewed the Board agenda item requesting approval of student health insurance rates at the Urbana and Springfield campuses for Academic Year 2013-14. He explained that the cost of health insurance is separate from the health fee that was approved at the January 24, 2013, Board meeting and that providers were selected on a competitive bid basis. He discussed the proposed rates, which he said include a 16-percent increase in undergraduate insurance rates at Urbana, a 6-percent increase in graduate insurance rates at Urbana, and an 18-percent increase in insurance rates at Springfield. He said these insurance programs are compliant with Affordable Care Act and noted that these rates reflect best and final offer. Brief discussion regarding student health insurance and the use of hospitals and campus health centers followed.

Purchase Recommendation

Dr. Heather J. Haberaecker, executive assistant vice president for business and finance, discussed one recommended purchase within the purview of this committee. Dr. Haberaecker reported on the recommendation to purchase radiation oncology services for the University of Illinois Hospital and Health Sciences System, and stated that these services are needed because the University of Illinois Hospital and Health Sciences System does not employ radiation oncology staff. Brief discussion regarding the pricing for these services followed.

There were no objections to any of the above items being forwarded to the full Board.

PRESENTATIONS

University of Illinois Hospital and Health Sciences System Update

At 2:29 p.m., Dr. Koritz asked Dr. Garcia to provide a presentation on the University of Illinois Hospital and Health Sciences System (materials on file with the clerk). Dr. Garcia introduced Dr. Robert A. Winn, associate vice president for community based practice, to provide an overview of community-based practice at the University of Illinois Hospital and Health Sciences System. Dr. Winn discussed the mission and vision of the University of Illinois Hospital and Health Sciences System and its focus on caring for underserved populations. He stated that the Mile Square health centers are underutilized and provide an opportunity for education. He presented the history of the Mile Square Health Center and described the services and opportunities provided by the new Mile Square clinic in the Englewood neighborhood. He commented on the anticipated growth of the center and discussed past and future community outreach initiatives. He presented the payor mix and stated that Mile Square is critical to the transition to Medicaid managed care. He then discussed opportunities for community-based practice and outlined plans for the future. He concluded his presentation by thanking his colleagues at the University and Mile Square.

Dr. Garcia then asked Ms. Joyce to provide a presentation on quality and patient safety. Ms. Joyce commented on the importance of quality and patient safety and

described her background in health care. She then discussed the strengths and challenges of the University of Illinois Hospital and Health Sciences System. She presented the risk-adjusted inpatient mortality rate, number of catheter-associated urinary tract infections, central line-associated bloodstream infections, and instances of pulmonary embolism or deep venous thrombosis, and the 30-day readmission rate at the hospital over the last two years. She provided examples of hospitals that made drastic improvements in these and other areas to improve patient safety and listed the best practices of organizations achieving large-scale improvements. She described the next steps for the University of Illinois Hospital and Health Sciences System and stated that making a commitment and focusing time and energy on making improvements are necessary for success.

OLD BUSINESS

There was no business presented under this aegis.

NEW BUSINESS

Dr. Koritz stated that the next meeting is scheduled for May 13, 2013, at 3:00 p.m.

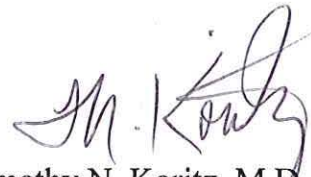
MEETING ADJOURNED

With no further questions or comments, and on motion of Mr. Estrada, seconded by Dr. Koritz, the meeting adjourned at 3:01 p.m. There were no "nay" votes.

Respectfully submitted,



Susan M. Kies
Clerk



Timothy N. Koritz, M.D.
Chair



Eileen B. Cable
Assistant Clerk